

# Highways of National Significance: Keystones of Future Federal Funding

Bruce E. Cannon  
Office of Policy Development  
Federal Highway Administration  
Washington, D.C.

This discussion will concentrate on the National Highway Program within the context of the total Highway Program. The Interstate system today is over 99 percent open to traffic. It has had a tremendous impact on the economic geography of our nation as well as its transportation service. At the inception of the Interstate program, most people did not see how this national highway system would transform the country. It provided a unifying force for commerce and put intercity travel within easy reach of all our citizens. The Interstate established an expectation level by American industry and general public for moving goods and people with speed and efficiency upon which basic business decisions are now predicated.

With the authorization legislation for the Federal-Aid Highway Program running out October 1, 1991, we have a major opportunity to frame a new surface transportation policy responsive to the needs of today's and tomorrow's transportation and economic needs. The Administration's National Transportation Policy sets its sights not at the near future, but at the urgent needs for the 21st century. This policy states "The efficiency and competitiveness of transportation providers are essential to economic growth and productivity and the ability of U.S. to compete in the world market." The transportation system of the future must efficiently and effectively meet this demand for travel.

The Administration's 1991 Surface Transportation Assistance Act (STAA) proposal sent to Congress on February 13, 1991 by President Bush is an attempt to meet the surface transportation travel and associated economic demands. The vast majority of the Federal assistance under the Administration's 5 year, \$89.1 billion highway and highway safety bill is proposed for distribution under these three categories: 1) A National Highway Program designed to serve interstate and interregional commerce and personal transportation; 2) an Urban and Rural Program that offers states greater flexibility to address their unique transportation problems; and 3) an apportioned and discretionary Bridge Program that responds to bridge deficiencies. Additionally, the Interstate construction programs are proposed for authorizations sufficient to complete those programs in the first four years of the bill. Also the proposal continues strong Federal support for highway and motor carrier safety, Federal lands program and research and technology.

## NATIONAL HIGHWAY PROGRAM

Support for a national highway system to serve the “national good” is founded in the nation’s history. This support is anchored in the uniquely Federal role under the Constitution to facilitate compelling national interests including promoting interstate commerce. The Interstate System, established in the 1950s is the backbone of our nation’s highway system, but it alone cannot serve modern transportation demand adequately to improve productivity.

The National Highway Program proposed in the Administration’s 1991 STAA is designed to finance the nation’s highway transportation needs in the 21st century with an efficiency that the existing Federal program cannot provide. The new economic context for the coming century and the existing program complexities require both focus and simplification for the future Federal-aid program. The 5-year funding level for this program is proposed at \$44 billion.

The designated National Highway System (NHS) is proposed to consist of the current Interstate, and, based on criteria set by the Secretary, such mileage as other rural principal arterials, urban freeways and urban other principal arterials, as well as the Strategic Highway Network (STRAHNET). Important for consideration in developing the NHS are connections to international airports, major international border crossings, national parks, and other major activity centers. This should result in a designated system of up to 150,000 miles with possible adjustment upward by the Secretary, not to exceed an amount equal to 10 percent of the mileage designated. Designation will be made by the States in Fiscal Years (FY) 1992 and 1993 in consultation with local officials with approval by the Secretary. A new functional classification will be part of the process.

The National Highway Program replaces the current Interstate construction, Interstate 4R, and primary programs. Although the mileage of the Interstate System is proposed for inclusion in the NHS and is eligible for NHS funding, the current Interstate construction program will continue to its completion as a separate category.

The states may use their apportioned funds for improvements on any facility that is part of the designated system, including existing toll roads and construction of new toll roads. In addition, states may combine Federal-aid with toll and other financing to reconstruct and replace existing free bridges or tunnels and also reconstruct free non-Interstate, non-access controlled highways to change the character of the highways to full access control and/or add needed additional traffic lanes. Facilities may be publicly or privately owned, and states may contract with private firms to design, finance, construct, and operate a toll facility.

States will be required to develop a bridge management system, a pavement management system, a safety management system, and a congestion management system. Details of each management system requirements, including a phase-in schedule, will be developed through the regulatory process.

States will be permitted to use funds for operational improvements such as traffic surveillance, motorist information, incident management, HOV preferential treatments, demand management, and spot geometric/traffic control modifications to alleviate specific bottlenecks and hazards. Operational improvement projects on other public roads (except those functionally classified as rural minor collector or local) that are adjacent to a fully access controlled National Highway route are eligible, if the project improves the level of service and enhances

operations of the NHS facility, and is more cost effective than an improvement on the NHS facility.

The basic Federal share for the NHP is proposed at 75 percent. Operational improvements and Pavement, Resurfacing, Rehabilitation and Repair (3R) activities on Interstate routes are proposed for a Federal share of 90 percent. The maximum Federal share will be 35 percent for projects to convert existing free facilities to toll facilities or to construct new toll facilities.

A state may transfer up to 15 percent of its apportionment to the Urban/Rural program, if it can demonstrate that adequate travel and pavement conditions exist on the Interstate System mileage. Also the state must meet criteria, such as proper implementation of the required management systems, to be determined by the Secretary.

Preservation of potential future NHP transportation corridors will be continued through the right-of-way revolving fund. Such sums as necessary are authorized for the Right-of-Way revolving fund but must be sought in future years' appropriations. The fund will provide loans to states at two points below the current Value of Funds Rates as published by the U.S. Treasury.

Retroactive reimbursement will be possible to states for land acquired prior to Federal Highway Administration (FHWA) approval. Any acquisitions made prior to Federal approvals must be accomplished in compliance with the requirements of the Uniform Act, Title VI, Section 4(f) and other Federal laws and shall not influence the need to construct a project or the selection of a specific location alternative.

Outdoor Advertising must be effectively maintained by the states on those parts of the NHS and rural arterials that are outside urbanized areas. State law can be used to determine method of compensation and allow states discretion on whether to remove nonconforming signs. The legislative proposal also prohibits new off-premise signs in areas of control except for most of the currently exempted categories, and established eligibility to use Federal funds to pay for sign removal.

Fund distribution is proposed to be based 70 percent on each state's share of total highway use of motor fuel, 15 percent on each state's share of total public road mileage and 15 percent on land area. An apportionment factor adjustment is proposed in states with low population densities (persons per square mile), based on a graduated scale.

## URBAN AND RURAL PROGRAM

The Urban and Rural Program is a program with increased flexibility and minimal Federal requirements, allowing state and local governments to target funds to address metropolitan and rural transportation issues more effectively. The 5-year funding level is proposed at \$22 billion.

The urban and rural system replaces part of the current primary system routes that are not designated as NHS mileage, and the urban and secondary systems. Eligible facilities include any public road, except a route on the NHS or a road functionally classified as rural minor collector or as a local road. Toll roads will also be eligible to the same extent as in the NHP. Eligible activities include:

- construction;
- transit capital costs in urban and rural areas;

- capital projects to improve access and coordination between intercity and rural bus service;
- highway operational improvements; and
- hazard elimination and rail-highway crossings.

Also, up to 5 percent of the funds may be used for hazard elimination or rail-highway crossing projects on roads functionally classified as rural minor collector or as local. The Federal Mass Transportation Administration formula program will also be eligible for highways if the matching funds in the state are available for use on both highway and transit projects or if there is sufficient and dedicated source of transit funding at the state or local level.

Metropolitan and Rural Innovation Bonus Projects that provide innovative approaches to air quality, congestion and/or rural access problems may qualify for special treatment. If the project meets certain selection criteria, the state may seek additional obligation ceiling for that project from a set aside of any enacted obligation ceiling. These projects will be approved according to criteria reflecting innovation, immediate action, non-capital intensiveness, and local commitment.

Funds are proposed for distribution by formula based on each state's percentage of contributions to the Highway Trust Fund. Each state will receive at least 0.5 percent of the total Urban/Rural funds. The Federal share will be 60 percent except for converting free facilities to toll facilities or to construct new toll facilities. These toll projects are to be funded at up to a 35 percent Federal share.

States are delegated full responsibility for this program. However, they must certify to the Secretary that: (1) it is using a method of distributing funds to both urban and rural areas that is fair and equitable over the period of the legislation; (2) projects meet applicable Federal laws such as environmental, uniform relocation, and Civil Rights laws; and (3) projects are designed, constructed, operated and maintained in accordance with state approved standards and procedures including safety requirements.

Each state must provide the Secretary with an annual report on how funds have been used to improve transportation in the state. The Secretary may conduct reviews of state procedures or projects as deemed necessary.

## BRIDGE PROGRAM

The Bridge Program focuses priority on deficient and obsolete bridges through continuation of dedicated special Federal-aid funds to assist the states in rehabilitating or replacing bridges. The proposed 5-year funding for this program is \$10.7 billion. The bridge program has two elements:

- 1) An Apportioned Program that will apply to bridges on any public road, with percentage requirements for roads functionally classified as rural minor collector or as local. Eligibility expanded to include certain safety related deficiencies (e.g., seismic retrofit) on bridges, provided such deficiencies have been identified as high priority by the Secretary. There will be a revised apportionment process based on level of service and cost to replace or rehabilitate deficient bridges.
- 2) A Major Bridge Discretionary Program 5-year funding that will apply to high cost bridges on roads not functionally classified on the rural minor collector or local system. Minimum cost thresholds: for bridges on the NHS — \$10 million; for bridges not on the NHS — \$5 million. Any request for funding

from this category must include a comprehensive assessment of the feasibility of constructing a toll bridge and the option of commingled toll and public funding.

The maximum Federal share for bridge projects is 75 percent. Non-NHS bridge projects will be administered in the same way as the Urban/Rural Program.

## RESEARCH AND TECHNOLOGY

Research and technology activities are proposed for expansion in cooperation with the private sector to advance U.S. technology leadership to support a productive, safe, 21st century highway system. The program is funded through the Federal Highway Administration operating budget. It will focus on the following major areas: highway and motor carrier safety, pavements and structures, right-of-way, environment, and policy development and planning.

Increased effort is proposed on Intelligent Vehicle-Highway Systems. This is an effort to increase safety and mobility by developing and deploying advanced technologies in the U.S. highway systems and vehicles. The Long-Term Pavement Performance program initiated under the Strategic Highway Research Program (SHRP) is proposed for continuation. The program will support state highway agencies and Canadian plans to establish a pavement performance data base for North America.

Local training and technical assistance will continue to be provided to rural areas (currently provided through the Rural Transportation Assistance Program) and will be expanded to provide improved access to highway technology for urban transportation agencies. The Centers for Excellence as established under the University Transportation Centers is continued, with the proposed addition of three centers beginning in 1992. The National Highway Institute is continued with minor modifications.

## OTHER PROGRAMS/PROVISIONS

Ten percent of the total of apportioned NHP, Urban/Rural Program, and Bridge funds are proposed to be used for projects that have safety benefits. Also a special safety bonus program is proposed for advancing highway safety and rewarding states for attaining certain safety goals.

The highway planning and research (HPR) and metropolitan planning (PL) funding and programs are proposed for continuation. More emphasis will be given to intermodal connectivity, coordination with land use planning, and air quality issues. Additionally, the metropolitan planning organizations are expected to play an active role in the development of the pavement, bridge, congestion, and safety management systems.

Alternative project procedures, replacing current Certification Procedures, are proposed for projects on the NHS and bridges costing less than \$1 million and meeting environmental categorical exclusion criteria.

Statewide preliminary engineering projects are proposed if the state enters into an annual agreement with the Secretary

Scenic byways are proposed eligible for development and improvement with National Highway and Urban and Rural Program funds, if otherwise eligible under those programs.

A limited operational congestion pricing tests are proposed for severe clean air non-attainment areas subject to criteria by the Secretary.

The Emergency Relief program is continued with minor modifications.

## FUNDING PROVISIONS

The funding provisions extend the Highway Trust Fund through FY 1998. The new nickel fuel tax will not be continued beyond its current expiration date (9/30/95). Total authorizations for all programs administered by FHWA range from \$15.9 billion in FY 1992 to \$20.3 billion in FY 1996.

A Highway Tax Compliance Project is funded as a separate authorization for FYs 1993-1996 to boost the IRS's and states' capabilities to place greater emphasis on fuel tax enforcement efforts in order to reduce the highway revenue losses from fuel tax evasion.

States will be permitted to waive the state match on apportioned funds (NHP, Bridge and Urban and Rural) under Title 23 for FYs 1992-1993. The limit on the waiver amount on state match under this provision is equivalent to 25 percent in each of FYs 1992-1993 of the funds apportioned for FY 1992. States must repay the waived amount by March 31, 1994, or their FY 1995 and FY 1996 apportionments will be reduced by the waived amount.

## SUMMARY

This paper has provided an overview of the Administration's proposal for the 1991 Surface Transportation Assistance Act. It is important to highlight that we need legislative action by October 1, 1991 to continue the Federal-Aid Highway Program, to keep states and local communities out of program limbo, and to get this new program underway.

The nation faces some fundamental choices about the future direction of the highway program. The infrastructure investment decisions should be based upon the demand for services. The National Highway System, by definition, should reflect the national transportation goals of the next century. A limited, but integrated network, would address the international, interstate and regional ground transportation travel needs for commerce and national defense.

This system is proposed to provide connections to intermodal transfer facilities, including international airports, major shipping ports, and major international border crossings. By focusing Federal-aid on the limited National Highway System, we can most effectively provide a high level of intercity and regional ground transportation service that is needed to serve our economy.